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CANADA PENSION PLAN

January 1998

about Changes to Canada Pension

The future of Canada's retirement system is a key priority for the Government of Canada and Canadians. When the Canada Pension Plan was created in 1966, the face of Canada's seniors was entirely different than today. A quickly growing seniors' population, a generation soon to retire, and a rapidly shifting economy has meant changes to the CPP were essential to creating an affordable, sustainable, retirement system for everyone.

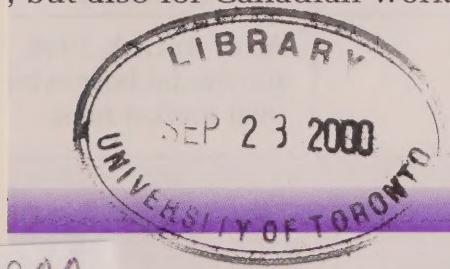
I am pleased to see that the Canada Pension Plan is there for Canadians in the long term. The Government of Canada has put in place a strong and balanced package of measures to strengthen the Plan's financing, refine investment practices, and manage growth in costs. This will ensure that CPP is there for Canadians today and tomorrow – not just for workers when they retire, but also for Canadian workers

and their families should they become disabled or die. These changes will maintain the Canada Pension Plan Fund, keep future contribution rates down, and strengthen Canada's retirement income system.

The chart on the next page shows the Canada Pension Plan before and after the changes. It is important to remember that these changes **do not affect:**

- CPP retirement pensions, disability benefits, survivor benefits or combined benefits that were being paid on December 31, 1997;
- the future retirement pensions of anyone over 65 on December 31, 1997.

All CPP benefits, except for the death benefit, remain fully indexed to inflation. Retirement ages – early, normal, or late – remain unchanged.

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Publications

CANADA PENSION PLAN

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Facts about Changes to the Canada Pension Plan

Securing the future of Canada's retirement income system is a key priority for the Government of Canada and Canadians alike. When the Canada Pension Plan was introduced in 1966, the face of Canada's population was entirely different than it is today. A quickly growing seniors' population, a generation soon to retire, and a rapidly shifting economy has meant that changes to the CPP were essential to maintaining an affordable, sustainable, and fair system for everyone.

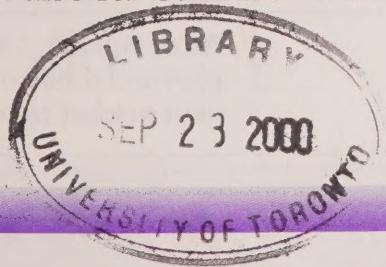
To guarantee that the Canada Pension Plan will be there for Canadians in the future, the Government of Canada has put in place a strong and balanced package of changes to strengthen the Plan's financing, improve the investment practices, and moderate growth in costs. This will ensure that the CPP is there for Canadians today and tomorrow – not just for workers when they retire, but also for Canadian workers

and their families should they become disabled or die. These changes will maintain the Canada Pension Plan Fund, keep future contribution rates down, and strengthen Canada's retirement income system.

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Canada

	CPP BEFORE JANUARY 1, 1998	CPP AFTER JANUARY 1, 1998
Age of retirement (early)	Starting at age 60	No change
Age of retirement (normal)	Age 65	No change
Age of retirement (late)	Up to age 70	No change
Contribution Rates	<ul style="list-style-type: none"> Rising to 10.1 per cent by 2016 Projected to increase to 14.2 per cent in 2030 	<ul style="list-style-type: none"> Rising to 9.9 per cent by 2003, then held steady Will not rise above 9.9 per cent
Year's Basic Exemption (YBE)	\$3,500 indexed to wages	Frozen at \$3,500
Year's Maximum Pensionable Earnings (YMPE)	Indexed to wages	No change
Retirement Pensions and Earnings-Related Portion of Disability/Survivor Benefits	Adjusted previous earnings based on average of last 3 years of YMPE	Adjust previous earnings based on average of last 5 years of YMPE
Eligibility for Disability Benefits	Must have contributed in 2 of last 3, or 5 of last 10 years	Must have earned at least 10 per cent of the YMPE in each of 4 of the last 6 years.
Retirement Pensions for Disability Beneficiaries	Based on YMPE when recipient turns 65, then indexed to prices (Consumer Price Index)	Based on YMPE at time of disablement, then indexed to prices (Consumer Price Index)
Combined Survivor/Disability Benefits	Ceiling equal to maximum retirement pension plus larger of two flat-rate components	Ceiling is one maximum disability pension
Combined Survivor/Retirement Benefits	Ceiling equal to maximum retirement pension	No change to ceiling; limited adding up of benefits
All Benefits	Fully indexed	No change
Death Benefit	Equal to 6 months retirement benefits up to \$3,580, maximum grows with wages	Equal to 6 months retirement benefits up to \$2,500, maximum frozen
Investment Policy	Invested in non-negotiable provincial bonds	As of April 1, 1998, new funds invested in a diversified portfolio of securities
Provincial Borrowing	Provinces borrowed at federal rates	As of April 1, 1998, limited provincial borrowings at their own market rates

For more information

If you need more information about the Canada Pension Plan, please call free of charge: **1 800 277-9914** English; **1 800 277-9915** French.

 If you have a hearing or speech impairment and you use a TDD/TTY device please call **1 800 255-4786**.

For faster telephone service call Tuesday to Friday during the middle weeks of the month. Please have your social insurance number (SIN) ready.

Internet at: <http://www.hrdc-drhc.gc.ca/isp>



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